

FISCAL NOTE

TO: Chief Clerk of the Senate
Chief Clerk of the House

FROM: James A. Davenport, Executive Director

DATE: March 21, 1996

SUBJECT: **SB 2252 - HB 2634**

This bill, if enacted, will expand the range of those transactions presently exempt from requirements as to securities registration, filing of sales and advertising literature, and consent to service of process through the Commissioner of Commerce and Insurance.

The newly exempted transactions would be for any non-issuer distribution of an outstanding security if a recognized securities manual contains the names of the issuer's officers and directors, a balance sheet of the issuer released in the last 18 months, and a profit and loss statement of either the fiscal year preceding that date or the most recent year of operation.

Also exempted would be any non-issuer transaction effected by or through a registered broker-dealer pursuant to an unsolicited order or offer to buy, provided that the Commissioner could require that the customer acknowledge in writing that the sale was unsolicited, and that a signed copy of the statement be preserved for a period of time to be specified by the Commissioner.

The fiscal impact from enactment of this bill is estimated to be a one-time increase in state expenditures of approximately \$6,000 and a

recurring increase in state expenditures of \$44,000 for one position and related expenses to carry out provisions of the bill.

Enactment of this bill is also estimated to result in a decrease in state revenues due to the exemption of certain securities from registration with the Department of Commerce and Insurance. The amount of such decrease cannot be determined but is estimated to exceed \$100,000.

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James A. Davenport". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

James A. Davenport, Executive Director